

TOWN OF OBERLIN, LOUISIANA

ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2012

Royce T. Scimemi, CPA, APAC
Oberlin, LA

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TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis

Within this section of the Town of Oberlin, Louisiana's annual financial report, the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$6,067,042 (net assets) for the fiscal year reported.
- Total revenues of \$1,745,357 were exceeded by total expenses of \$1,954,730, which resulted in a current year deficit of \$209,373. In comparison, for the previous year ended June 30, 2011, the Town's total revenues of \$2,414,910 exceeded its total expenses of \$1,886,980, yielding a surplus of \$527,930.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$5,801,825 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets. In comparison, as of June 30, 2011, the Town's net capital assets were \$5,921,257.
 - (2) For the fiscal years ended June 30, 2012 and 2011, respectively, net assets of \$214,737 and \$108,278 were restricted by constraints imposed from outside the Town such as debt covenants, grantors, laws, or regulations.
 - (3) Unrestricted net assets, representing the portion of net assets available to maintain the Town's continuing obligations to citizens and creditors, amounted to \$50,380 and \$108,278 for the fiscal years ended June 30, 2012 and 2011, respectively.
- The Town's governmental funds reported total ending fund balance of \$77,110 this year. This compares to the prior year ending fund balance of \$188,387, reflecting a decrease of \$111,277 during the current year. For the prior year ended June 30, 2011, a decrease of \$173,584 was reported in the total ending fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,618, or 1% of total General Fund expenditures and 1% of total General Fund revenues including other financing sources. In comparison, for the fiscal year ended June 30, 2011, unassigned fund balance for the General Fund was \$65,554, or 7% of total General Fund expenditures and 9% of total General Fund revenues including other financing sources. These levels are currently dangerously low.
- Overall, the Town has experienced a weakening financial position primarily from a liquidity standpoint. The Town is working to improve on its financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the Town's basic financial statements, which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other non-financial factors such as diversification of the taxpayer base, or the condition of Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by sales and ad valorem taxes and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities principally include general government, public safety and streets. Business-type activities include the gas and the water and sewer systems.

The government-wide financial statements are presented on pages 17 and 18 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

The Town has two kinds of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)

The basic governmental fund financial statements are presented on pages 21 through 24 of this report.

There are no deemed non-major governmental funds.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The two Town proprietary funds are classified as enterprise funds. These enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements.

The basic enterprise fund financial statements are presented on pages 25 through 30 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 31 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's budget presentations. Budgetary comparison schedules are included as "required supplementary information" for the general fund and the major special revenue funds. These statements and schedules demonstrate compliance with the Town's adopted and final revised budget. Required supplementary information can be found on pages 46 through 49 of this report. Other supplementary information can be found on pages 51 through 57 of this report.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net assets at fiscal year-end are \$6,067,042. The following table provides a summary of the Town's net assets:

	Summary of Net Assets			
	Governmental Activities	Business-Type Activities	Total	Percentage Total
Assets:				
Current assets and other assets	\$ 326,372	\$ 333,914	\$ 660,286	7%
Capital assets	<u>900,119</u>	<u>7,274,417</u>	<u>8,174,536</u>	<u>93</u>
Total assets	<u>1,226,491</u>	<u>7,608,331</u>	<u>8,834,822</u>	<u>100%</u>
Liabilities:				
Current liabilities	275,551	69,656	345,207	12%
Long-term liabilities	<u>49,355</u>	<u>2,373,218</u>	<u>2,422,573</u>	<u>88</u>
Total liabilities	<u>324,906</u>	<u>2,442,874</u>	<u>2,767,780</u>	<u>100%</u>
Net assets:				
Investment in capital assets, net of debt	849,915	4,952,010	5,801,925	96%
Restricted	43,052	171,685	214,737	3
Unrestricted	<u>8,618</u>	<u>41,762</u>	<u>50,380</u>	<u>1</u>
Total net assets	<u>\$ 901,585</u>	<u>\$ 5,165,457</u>	<u>\$ 6,067,042</u>	<u>100%</u>

The Town continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 1.18 to 1 and 4.79 to 1 for business-type activities. This compares with the prior year's ratios of 1.6 to 1 and 2.7 to 1, respectively. For the Town overall, the current ratio is 1.91 to 1 while that same financial indicator was 1.96 to 1 for the fiscal year ended June 30, 2011. These ratios are weakening.

The Town reported positive balances in net assets for both governmental and business-type activities. For the fiscal years ended June 30, 2012 and 2011, respectively, net assets increased (decreased) by \$(138,839) and \$(139,614) for governmental activities and by \$(70,534) and \$667,544 for business-type activities. The Town's overall financial position deteriorated during the fiscal year ended in 2012 and the prior year surplus was primarily attributable to the receipt of grant income for capital projects.

Note that approximately 94% and 84% of the governmental activities' net assets are tied up in capital as of June 30, 2012 and June 30, 2011, respectively. The Town uses these capital assets to provide services to its citizens. However, with business-type activities, the Town has spent approximately 96% and 96% of its net assets on capital during the respective fiscal years ended June 30, 2012 and 2011. Capital assets in the business-type activities also provide utility services, but they also generate revenues for these funds. For the respective fiscal years ended June 30, 2012 and 2011, 96% and 95% of the Town's total net assets, net of debt, are included in capital assets.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)

The following table provides a summary of the Town's changes in net assets:

	Governmental Activities	Business-Type Activities	Total	Percentage Total
Revenues:				
Program:				
Charges for services/fines	\$ 257,213	\$ 861,990	\$ 1,119,203	64%
Operating grants	45,347	-	45,347	3
Capital grants	41,875	85,238	127,113	7
General:				
Sales taxes	172,286	-	172,286	10
Other taxes	89,184	-	89,184	5
Interest	178	510	688	-
Other	189,873	1,563	191,536	11
Total Revenues	796,056	949,301	1,745,357	100%
Program expenses:				
General government	219,081	-	219,081	11%
Public safety:				
Police	492,283	-	492,283	25
Streets	188,681	-	188,681	10
Interest	2,970	-	2,970	-
Utility expenses	-	1,051,715	1,051,715	54
Total Expenses	903,015	1,051,715	1,954,730	100%
Excess (deficiency)	(106,959)	(102,414)	(209,373)	
Transfers	(31,880)	31,880	-	
Change in net assets	(138,839)	(70,534)	(209,373)	
Beginning net assets	1,040,424	5,235,991	6,276,415	
Ending net assets	\$ 901,585	\$ 5,165,457	\$ 6,067,042	

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)

GOVERNMENTAL REVENUES

The Town is heavily reliant on sales taxes and gaming revenues to support governmental operations. Sales taxes and gaming revenues equal 44% of the revenues for governmental activities, as compared with 45% in the prior year. Also note that program revenues cover only 38% (36% in the year ended June 30, 2011) of governmental operating expenses. This means that the government's taxpayers and the Town's other general revenues fund 62% (64% in the prior fiscal year) of the governmental activities. As a result, the general economy and the local businesses have a major impact on the Town's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

For the fiscal years ended June 30, 2012 and 2011, respectively, police services comprised 25% and 23% of the Town's total expenses and 55% and 53% of the total governmental expenses.

This table presents the cost of each of the Town's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the Town's taxpayers by each of these functions.

Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost (Benefit) of Services</u>
General government	\$ 219,081	\$ 162,265
Public safety:		
Police	492,283	250,018
Streets	188,681	143,327
Interest on long-term debt	2,970	2,970
Total	<u>\$ 903,015</u>	<u>\$ 558,580</u>

BUSINESS-TYPE ACTIVITIES

Revenues vs. Costs

The operating revenues for the utility funds were 5% less than 2011 and operating expenses virtually the same as 2011. Within the total business-type activities of the Town, these activities reported a \$84,687 operating loss compared to an operating loss of \$48,156 for the prior year.

However, after contributed capital, grant income, and operating transfers, the funds reported a deficit of \$70,534, which compares with the overall fund income of \$667,544 experienced in the year ended June 30, 2011 mainly due to the capital grant received in the prior year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$77,110 and \$188,387, for the fiscal years ended June 30, 2012 and 2011, respectively. Of these year-end totals, \$8,618 and \$85,554 were unassigned for the respective years, indicating decreasing availability for continuing Town service requirements.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)

The total ending fund balances of governmental funds show a decrease of \$111,277. This compares with a decrease of \$173,584 experienced in the prior fiscal year ended June 30, 2011.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance decreased by \$56,936 in the current fiscal year, while in the fiscal year ended June 30, 2011, the fund balance decreased by \$200,401. However, the reader needs to remember that the Town controls these differences by the amount of resources it transfers in from the Town's other funds.

The revenues show an increase of \$39,918 or 5% more than the prior year, while in the fiscal year ended June 30, 2011, such revenues decreased \$95,972 or 14% less than the preceding year. The expenditures side shows a decrease of \$80,221 or 8% less than the prior year. In comparison, the prior year expenditures increased by \$135,283, which was 17% more than the preceding fiscal year.

The General Fund's ending fund balance was less than the prior year representing the equivalent of 1% of its annual expenditures.

The Sales Tax Fund maintains a moderate fund balance with revenues in 2012 being 1% less than those earned in the fiscal year ended June 30, 2011, which had experienced a 14% increase from the preceding year.

The Section 8 Housing Fund handles the Section 8 Housing for the Town and is awaiting further instruction from HUD on the disposition of available funds.

The Cemetery Fund continues to maintain a moderate fund balance with revenues in 2012 being 42% less than those earned in the fiscal year ended June 30, 2011.

THE PROPRIETARY FUNDS

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term information about financial status.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)

BUDGETARY HIGHLIGHTS

The General Fund - Both the revenue and the expenditure sides of the current year final budget for the General Fund were revised by a \$59,532 increase and a \$222,422 increase, respectively in relation to the prior year's final budget. The primary change in the General Fund's revenue budget relates to a decrease in fine income, and the expenditure budget increases were attributable to rising general governmental costs.

The actual revenues exceeded the final budget by \$42,630 or 7% and the actual expenditures were less than the final budget by \$98,819 or 10%.

The Sales Tax Fund - While the revenue side of the current year final budget for the Sales Tax Fund was revised by a \$16,130 increase, the expenditure side experienced no change, respectively in relation to the prior year's final budget. The primary change in the Sales Tax Fund's revenue budget relates to the increase in sales taxes.

The actual revenues exceeded the final budgeted revenues by \$10,333 or 7% and the actual expenditures were exceeded by the final budgeted expenditures by \$184 or 92%.

The Cemetery Fund - The revenue side of the current year final budget for the Cemetery Fund was revised by a \$470 decrease in relation to the prior year's final budget. The primary changes in the Cemetery Fund's revenue budget relates to the overall decrease in charges for services.

The actual revenues exceeded the final budgeted revenues by \$8 or 21% and the actual expenditures were exceeded by the final budget by \$700 or 100%.

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2012, was \$900,119 and \$7,274,417, respectively, while those figures as of June 30, 2011, were \$942,036 and \$7,402,625 respectively. The overall decrease was 2% for the Town as a whole. See Note E for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2011	2012	2011	2012	2011	2012
Non-depreciable assets:						
Land	\$ 193,812	\$ 193,812	\$ 7,224	\$ 7,224	\$ 201,036	\$ 201,036
Construction in progress	<u>26,134</u>	<u>26,134</u>	<u>352,258</u>	<u>-</u>	<u>378,392</u>	<u>26,134</u>
Total non-depreciable	219,946	219,946	359,482	7,224	579,428	227,170
Depreciable assets:						
Buildings & plant	218,607	223,607	9,887,535	10,388,370	10,106,142	10,609,977
Furniture & equipment	479,530	485,591	124,324	133,014	603,854	618,605
Infrastructure	<u>919,742</u>	<u>931,050</u>	<u>-</u>	<u>-</u>	<u>919,742</u>	<u>931,050</u>
Total depreciable assets	1,617,879	1,640,248	10,011,859	10,519,384	11,629,738	12,159,632
Less accumulated depreciation	<u>895,789</u>	<u>960,075</u>	<u>2,968,718</u>	<u>3,252,191</u>	<u>3,864,505</u>	<u>4,212,266</u>
Book value-depreciable assets	\$ <u>722,090</u>	\$ <u>680,173</u>	\$ <u>7,043,143</u>	\$ <u>7,267,193</u>	\$ <u>7,765,233</u>	\$ <u>7,947,366</u>
Percentage depreciated	55%	59%	30%	31%	33%	35%
Book value-all assets	\$ <u>942,036</u>	\$ <u>900,119</u>	\$ <u>7,402,625</u>	\$ <u>7,274,417</u>	\$ <u>8,344,661</u>	\$ <u>8,174,536</u>

The depreciable capital assets for governmental activities were 59% and 55% depreciated for the fiscal years ended June 30, 2012 and June 30, 2011, respectively. This comparison indicates that the Town is replacing its assets at the rate less than they are depreciating.

The major additions are:

- Ad valorem tax software
- Asphalt surfacing
- Farmer's market improvements

With the Town's business-type activities, 31% of the asset values were depreciated at June 30, 2012 compared to 30% at June 30, 2011. This comparison indicates that the town is replacing its utility system assets at a rate lower than they are depreciating.

The major additions are:

- Water distribution system improvements
- Pumps

TOWN OF OBERLIN, LOUISIANA

Management's Discussion and Analysis (Continued)

Long-term debt

At the end of the fiscal year, the Town had total long-term debt outstanding of \$2,397,675.

During the year, the Town issued \$3,683 and retired \$51,094 in long-term debt. See Note H for additional information regarding long-term debt.

ECONOMIC CONDITIONS AFFECTING THE TOWN

The Town's primary continuous revenue stream are sales taxes that are subject to changes in the economy. Since sales are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

The current compact with the Coushatta Tribe of Louisiana began in 2001 and automatically renewed in 2011. The gaming revenues to be submitted to the Town were scheduled in that compact to be at \$410,000 per year to assist with increased critical services like fire protection, police protection, and construction, maintenance, and repair of municipal infrastructure and housing. Recent gaming payments to the Town for the current fiscal year amount to a little under \$44,000 per quarter. This represents a decrease of 57% of the funding from the original compact.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Town Clerk, Barbara Murray, P.O. Box 370, Oberlin, LA 70655.

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INDEPENDENT AUDITORS' REPORT

December 27, 2012

The Honorable Rick Smith, Mayor and the Town Council
Town of Oberlin, Louisiana

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Oberlin, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the Town of Oberlin, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Oberlin, Louisiana, as of June 30, 2012, and the respective changes in financial position, and cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

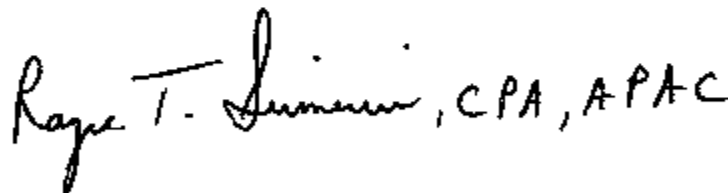
In accordance with *Government Auditing Standards*, we have also issued our report originally issued December 27, 2012 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 3 through 12 and pages 48 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The other supplementary information on pages 51 through 57 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town of Oberlin, Louisiana. The other supplementary information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information, except for the portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The lapse in insurance coverage and the significant subsequent event as discussed in Notes I and M to the financial statements along with a low unrestricted/unassigned liquidity may indicate that the Town may not be able to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Royce T. Scimemi, CPA, APAC



BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

Town of Oberlin, Louisiana
Statement of Net Assets
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and interest-bearing deposits	\$ 213,241	\$ 8,983	\$ 222,224
Investments	7,739	-	7,739
Receivables, net	46,634	68,199	114,833
Due from other funds	251	-	251
Due from other governmental units	58,507	-	58,507
Total current assets	<u>326,372</u>	<u>77,182</u>	<u>403,554</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	195,237	195,237
Investments	-	61,495	61,495
Total restricted assets	<u>-</u>	<u>256,732</u>	<u>256,732</u>
Capital assets:			
Property, plant, and equipment, net	900,119	7,274,417	8,174,536
Total noncurrent assets	<u>900,119</u>	<u>7,531,149</u>	<u>8,431,268</u>
Total assets	<u>1,226,491</u>	<u>7,608,331</u>	<u>8,834,822</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	104,082	34,598	138,680
Deferred revenue	145,180	-	145,180
Capital lease payable	25,913	-	25,913
Accrued interest	376	-	376
Due to other funds	-	251	251
Payable from restricted assets:			
Revenue bonds payable	-	34,236	34,236
Accrued interest	-	571	571
Total current liabilities	<u>275,551</u>	<u>69,656</u>	<u>345,207</u>
Noncurrent liabilities:			
Customers' deposits payable	-	85,047	85,047
Compensated absences payable	25,440	-	25,440
Capital lease payable	23,915	-	23,915
Revenue bonds payable	-	2,288,171	2,288,171
Total noncurrent liabilities	<u>49,355</u>	<u>2,373,218</u>	<u>2,422,573</u>
Total liabilities	<u>324,906</u>	<u>2,442,874</u>	<u>2,767,780</u>
NET ASSETS			
Invested in capital assets, net of related debt	849,915	4,952,010	5,801,925
Restricted	43,052	171,685	214,737
Unrestricted	8,618	41,762	50,380
Total net assets	<u>\$ 901,585</u>	<u>\$ 5,165,457</u>	<u>\$ 6,067,042</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Activities:							
Governmental Activities:							
General and administrative	\$ 219,081	\$ 54,215	\$ 2,601	\$ -	\$ (162,265)	\$ -	\$ (162,265)
Streets	188,681	-	18,746	26,608	(143,327)	-	(143,327)
Police	492,283	202,998	24,000	15,267	(250,018)	-	(250,018)
Interest on long-term debt	2,970	-	-	-	(2,970)	-	(2,970)
Total Governmental Activities	903,015	257,213	45,347	41,875	(558,580)	-	(558,580)
Business-Type Activities:							
Water and sewer	720,927	531,388	-	85,238	-	(104,301)	(104,301)
Gas	330,788	330,602	-	-	-	(186)	(186)
Total Business-Type Activities	1,051,715	861,990	-	85,238	-	(104,487)	(104,487)
Totals	\$ 1,954,730	\$ 1,119,203	\$ 45,347	\$ 127,113	(558,580)	(104,487)	(663,067)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					21,501	-	21,501
Sales and use taxes, levied for general purposes					172,286	-	172,286
Franchise taxes					67,683	-	67,683
Grants and contributions not restricted to specific programs -					-	-	-
Federal sources					-	-	-
State and local sources					182,062	-	182,062
Interest and investment earnings					178	510	688
Miscellaneous					7,911	1,563	9,474
Transfers					(31,880)	31,880	-
Total general revenues					419,741	33,953	453,694
Change in net assets					(138,839)	(70,534)	(209,373)
Net assets - Beginning					1,040,424	5,235,991	6,276,415
Net assets - Ending					\$ 901,585	\$ 5,165,457	\$ 6,067,042

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund

To account for the receipt and use of proceeds of the Town's 1% sales and use tax approved by the voters on September 16, 1978. These taxes are dedicated and used for the purposes of constructing, acquiring, extending, improving, operating water-works, streets, recreational facilities and fire protection facilities and equipment, and purchasing and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities, or for any one or more said purposes; and shall the Town be further authorized to fund the proceeds of the tax into bonds to be issued in series from time to time for improving and/or acquiring any one or more of the aforesaid capital improvements to the extent and in the manner permitted by the laws of Louisiana. To account for the receipt and use of proceeds of the Town's .3% sales and use tax approved by the voters on October 7, 1989. These taxes are dedicated and used for the purpose of constructing, improving, maintaining, and operating public streets, sidewalks, and alleys, and for acquiring, constructing, improving, maintaining and operating recreational facilities. The Town shall be further authorized to fund the proceeds of the tax into bonds to be issued in series from time to time for any capital purpose described above, to the extent and in the manner provided by Louisiana law.

Cemetery Fund

To account for the receipt of proceeds from the sale of burial plots and expenditures associated with the maintenance and improvement to the cemetery grounds.

Section 8 Housing Fund

To account for the receipt and expenditures of federal financial assistance for low-income housing.

Enterprise Funds

Water and Sewer Fund

To account for the provision of water and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Gas Fund

To account for the provision of gas to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF OBERLIN, LOUISIANA
Balance Sheet - Governmental Funds
June 30, 2012

	Special Revenue					
	General Fund	Sales Tax Fund	Section 8 Housing Fund	Cemetery Fund	2012 Total	2011 Total
ASSETS						
Cash	\$ 33,524	\$ 942	\$ 152,761	\$ 1,470	\$ 188,697	\$ 209,412
Interest-bearing deposits, at cost	3,007	21,537	-	-	24,544	80,117
Investments	-	-	-	7,739	7,739	7,731
Receivables:						
Taxes	17,263	29,223	-	-	46,486	43,091
Other	148	-	-	-	148	148
Due from other funds	251	-	-	-	251	-
Due from other governmental units	58,507	-	-	-	58,507	106,461
TOTAL ASSETS	\$ 112,700	\$ 51,702	\$ 152,761	\$ 9,209	\$ 326,372	\$ 446,980
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 91,458	\$ -	\$ -	\$ -	\$ 91,458	\$ 104,224
Accrued payroll liabilities	12,624	-	-	-	12,624	9,168
Deferred revenue	-	-	145,180	-	145,180	145,180
TOTAL LIABILITIES	104,082	-	145,180	-	249,262	258,573
FUND BALANCES						
Restricted	-	51,702	7,581	9,209	68,492	122,833
Unassigned	8,618	-	-	-	8,618	65,554
TOTAL FUND BALANCES	8,618	51,702	7,581	9,209	77,110	188,387
TOTAL LIABILITIES & FUND BALANCES	\$ 112,700	\$ 51,702	\$ 152,761	\$ 9,209	\$ 326,372	\$ 446,980

The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
Reconciliation of Balance Sheet – Governmental Funds
to the Statement of Net Assets
June 30, 2012

Total fund balance for governmental funds at June 30, 2012: \$ 77,110

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Land	\$ 193,812	
Construction in progress	28,134	
Capital assets, net of \$960,075 accumulated depreciation	680,173	900,119

Long-term liabilities, including notes and capital leases payable and accrued interest thereon, are not due and payable in the current period and, therefore, are not reported in the governmental funds:

Capital lease obligations payable	(49,828)	
Accrued interest payable	(376)	
Compensated absences payable	(25,440)	(75,644)

Total net assets of governmental activities at June 30, 2012 \$ 901,585

The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Year Ended June 30, 2012

	<u>General</u>	<u>Sales Tax</u>	<u>Section 8</u>	<u>Cemetery</u>	<u>2012 Total</u>	<u>2011 Total</u>
REVENUES						
Taxes	\$ 89,184	\$ 172,286	\$ -	\$ -	\$ 261,470	\$ 262,932
Licenses and permits	54,185	-	-	-	54,185	43,257
Intergovernmental	289,284	-	-	-	289,284	312,315
Fines and forfeiture	202,998	-	-	-	202,998	132,217
Charges for services	-	-	-	30	30	50
Miscellaneous	7,911	51	119	8	8,089	5,368
TOTAL REVENUES	<u>623,562</u>	<u>172,337</u>	<u>119</u>	<u>38</u>	<u>796,056</u>	<u>756,139</u>
EXPENDITURES						
Current-						
General government	211,999	4,470	-	-	216,469	209,070
Public safety:						
Police	461,822	-	-	-	461,822	407,206
Highways and streets	153,785	-	-	-	153,785	136,988
Capital outlay	22,368	-	-	-	22,368	178,814
Debt service	21,009	-	-	-	21,009	25,596
TOTAL EXPENDITURES	<u>870,883</u>	<u>4,470</u>	<u>-</u>	<u>-</u>	<u>875,453</u>	<u>965,674</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(247,421)</u>	<u>167,867</u>	<u>119</u>	<u>38</u>	<u>(79,397)</u>	<u>(199,535)</u>
OTHER FINANCING SOURCES (USES):						
Capital lease proceeds	-	-	-	-	-	69,540
Operating transfers	190,485	(222,335)	-	(30)	(31,880)	(63,589)
TOTAL OTHER FINANCING SOURCES (USES)	<u>190,485</u>	<u>(222,335)</u>	<u>-</u>	<u>(30)</u>	<u>(31,880)</u>	<u>25,951</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(56,936)</u>	<u>(54,468)</u>	<u>119</u>	<u>8</u>	<u>(111,277)</u>	<u>(173,584)</u>
Fund Balances, Beginning	<u>65,554</u>	<u>106,170</u>	<u>7,482</u>	<u>9,201</u>	<u>188,387</u>	<u>361,971</u>
Fund Balances, Ending	<u>\$ 8,618</u>	<u>\$ 51,702</u>	<u>\$ 7,581</u>	<u>\$ 9,209</u>	<u>\$ 77,110</u>	<u>\$ 188,387</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
Reconciliation of Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds to the Statement of Activities
Year Ended June 30, 2012

Total net changes in fund balances at June 30, 2012 per statement of revenues, expenditures and changes in fund balances	\$ (111,277)
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The change in net assets reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered an expenditure on the statement of revenues, expenditures and changes in fund balances	\$ 22,368	
Depreciation expense for the year ended June 30, 2012	(64,286)	(41,918)

Governmental funds report capital lease principal payments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the capital lease payable on the statement of net assets	18,337
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Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	(298)
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Governmental funds do not report compensated absences as expenditures. However, this payable does appear in the statement of net assets and the expense is reported on the statement of activities	(3,683)
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Total changes in net assets at June 30, 2012 per Statement of Activities	\$ (138,839)
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The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
Statement of Net Assets
Proprietary Funds
June 30, 2012

	<u>Gas Utility Fund</u>	<u>Water and Sewer Utility Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and interest bearing deposits	\$ 4,503	\$ 4,480	\$ 8,983
Investments	-	-	-
Receivables, net	<u>19,096</u>	<u>49,103</u>	<u>68,199</u>
Total current assets	<u>23,599</u>	<u>53,583</u>	<u>77,182</u>
Noncurrent assets			
Restricted assets:			
Cash and interest bearing deposits	4,998	190,239	195,237
Investments	24,532	36,963	61,495
Due from other governmental units	-	-	-
Total restricted assets	<u>29,530</u>	<u>227,202</u>	<u>256,732</u>
Property, plant and equipment, at cost,			
Net of accumulated depreciation (\$3,252,191)	<u>64,147</u>	<u>7,210,270</u>	<u>7,274,417</u>
Total assets	<u>117,276</u>	<u>7,491,055</u>	<u>7,608,331</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	12,526	22,072	34,598
Due to other funds	-	251	251
Payable from restricted assets:			
Revenue bonds payable	-	34,236	34,236
Accrued interest payable	-	<u>571</u>	<u>571</u>
Total current liabilities	<u>12,526</u>	<u>57,130</u>	<u>69,656</u>
Noncurrent liabilities:			
Revenue bonds payable	-	2,288,171	2,288,171
Customers' deposits	<u>29,530</u>	<u>55,517</u>	<u>85,047</u>
Total noncurrent liabilities	<u>29,530</u>	<u>2,343,688</u>	<u>2,373,218</u>
Total liabilities	<u>42,056</u>	<u>2,400,818</u>	<u>2,442,874</u>
NET ASSETS			
Invested in capital assets, net of related debt	64,147	4,887,863	4,952,010
Restricted for debt service	-	171,685	171,685
Unrestricted	<u>11,073</u>	<u>30,689</u>	<u>41,762</u>
Total net assets	<u>\$ 75,220</u>	<u>\$5,090,237</u>	<u>\$5,165,457</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Gas Utility Fund	Water and Sewer Utility Fund	Total
ASSETS			
Current assets			
Cash and interest bearing deposits	\$ 2,196	\$ 6,833	\$ 9,029
Investments	-	12,144	12,144
Receivables, net	<u>17,091</u>	<u>42,706</u>	<u>59,797</u>
Total current assets	<u>19,287</u>	<u>61,683</u>	<u>80,970</u>
Noncurrent assets			
Restricted assets:			
Cash and interest bearing deposits	4,636	198,733	203,369
Investments	24,349	36,688	61,037
Due from other governmental units	<u>-</u>	<u>31,567</u>	<u>31,567</u>
Total restricted assets	<u>28,985</u>	<u>266,988</u>	<u>295,973</u>
Property, plant and equipment, at cost,			
Net of accumulated depreciation (\$2,968,716)	<u>67,118</u>	<u>7,335,508</u>	<u>7,402,626</u>
Total assets	<u>115,390</u>	<u>7,664,179</u>	<u>7,779,569</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	12,527	93,507	106,034
Payable from restricted assets:			
Revenue bonds payable	-	32,757	32,757
Accrued interest payable	<u>-</u>	<u>579</u>	<u>579</u>
Total current liabilities	<u>12,527</u>	<u>126,843</u>	<u>139,370</u>
Noncurrent liabilities:			
Revenue bonds payable	-	2,322,406	2,322,406
Customers' deposits	<u>28,985</u>	<u>52,817</u>	<u>81,802</u>
Total noncurrent liabilities	<u>28,985</u>	<u>2,375,223</u>	<u>2,404,208</u>
Total liabilities	<u>41,512</u>	<u>2,502,066</u>	<u>2,543,578</u>
NET ASSETS			
Invested in capital assets, net of related debt	67,118	4,980,345	5,047,463
Restricted for debt service	-	145,804	145,804
Unrestricted	<u>6,760</u>	<u>35,964</u>	<u>42,724</u>
Total net assets	<u>\$ 73,878</u>	<u>\$5,162,113</u>	<u>\$5,235,991</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
Statement of Revenues, Expenses
and Changes in Net Assets - Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total
OPERATING REVENUES			
Charges for services	\$ 531,388	\$ 330,602	\$ 861,990
Miscellaneous	<u>1,093</u>	<u>470</u>	<u>1,563</u>
Total Operating Revenues	<u>532,481</u>	<u>331,072</u>	<u>863,553</u>
OPERATING EXPENSES			
Gas operational expenses	-	330,788	330,788
Water and sewer operational expenses	<u>617,452</u>	<u>-</u>	<u>617,452</u>
Total Operating Expenses	<u>617,452</u>	<u>330,788</u>	<u>948,240</u>
OPERATING INCOME (LOSS)	(84,971)	284	(84,687)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	328	182	510
Interest expense	(103,475)	-	(103,475)
Intergovernmental	<u>85,238</u>	<u>-</u>	<u>85,238</u>
Total Non-Operating Revenues (Expenses)	<u>(17,909)</u>	<u>182</u>	<u>(17,727)</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(102,880)	466	(102,414)
OTHER FINANCING SOURCES (USES)			
Operating transfers	<u>31,004</u>	<u>876</u>	<u>31,880</u>
CHANGES IN NET ASSETS	(71,876)	1,342	(70,534)
NET ASSETS, BEGINNING	<u>5,162,113</u>	<u>73,878</u>	<u>5,235,991</u>
NET ASSETS, ENDING	<u>\$ 5,090,237</u>	<u>\$ 75,220</u>	<u>\$ 5,165,457</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
Statement of Revenues, Expenses
and Changes in Net Assets - Proprietary Funds
Year Ended June 30, 2011

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total
OPERATING REVENUES			
Charges for services	\$ 504,558	\$ 394,973	\$ 899,531
Miscellaneous	<u>1,594</u>	<u>4,949</u>	<u>6,543</u>
Total Operating Revenues	<u>506,152</u>	<u>399,922</u>	<u>906,074</u>
OPERATING EXPENSES			
Gas operational expenses	-	343,754	343,754
Water and sewer operational expenses	<u>608,476</u>	<u>-</u>	<u>608,476</u>
Total Operating Expenses	<u>608,476</u>	<u>343,754</u>	<u>952,230</u>
OPERATING INCOME (LOSS)	(102,324)	56,168	(46,156)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	170	78	246
Interest expense	(102,586)	-	(102,586)
Intergovernmental	<u>752,451</u>	<u>-</u>	<u>752,451</u>
Total Non-Operating Revenues (Expenses)	<u>650,035</u>	<u>78</u>	<u>650,111</u>
INCOME (LOSS) BEFORE OPERATING TRANSFERS	547,711	56,244	603,955
OTHER FINANCING SOURCES (USES)			
Operating transfers	<u>111,041</u>	<u>(47,452)</u>	<u>63,589</u>
CHANGES IN NET ASSETS	<u>658,752</u>	<u>8,792</u>	<u>667,544</u>
NET ASSETS, BEGINNING	4,425,780	131,419	4,557,179
PRIOR PERIOD ADJUSTMENT	<u>(15,473)</u>	<u>(66,333)</u>	<u>(81,806)</u>
NET ASSETS, BEGINNING AS RESTATED	4,410,287	65,086	4,475,373
CAPITAL CONTRIBUTIONS	93,074	-	93,074
CHANGE IN NET ASSETS	<u>658,752</u>	<u>8,792</u>	<u>667,544</u>
NET ASSETS, ENDING	<u>\$ 5,162,113</u>	<u>\$ 73,878</u>	<u>\$ 5,235,991</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
Statement of Cash Flows –
Proprietary Funds
Year Ended June 30, 2012

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 528,784	\$ 329,612	\$ 858,396
Payments to suppliers	(307,887)	(220,764)	(528,651)
Payments to employees	(103,654)	(103,645)	(207,299)
Net cash from operating activities	<u>117,243</u>	<u>5,203</u>	<u>122,446</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net proceeds (purchase) of investments	11,869	-	11,869
Interest earnings	328	-	328
Net cash from investing activities	<u>12,197</u>	<u>-</u>	<u>12,197</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Intergovernmental	116,805	-	116,805
Interest paid on revenue bonds	(103,483)	-	(103,483)
Principal paid on revenue bonds	(32,756)	-	(32,756)
Purchase of fixed assets	(151,857)	(3,410)	(155,267)
Net cash from capital activities	<u>(171,291)</u>	<u>(3,410)</u>	<u>(174,701)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Operating transfers	31,004	876	31,880
Net cash from non-capital financing activities	<u>31,004</u>	<u>876</u>	<u>31,880</u>
NET INCREASE (DECREASE) IN CASH	(10,847)	2,669	(8,178)
CASH AND CASH EQUIVALENTS – BEGINNING	205,586	6,832	212,398
CASH AND CASH EQUIVALENTS – ENDING	<u>\$ 194,719</u>	<u>\$ 9,501</u>	<u>\$ 204,220</u>
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	\$ (84,971)	\$ 284	\$ (84,687)
Adjustment to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation	277,095	6,380	283,475
(Increase) decrease in receivables	(6,397)	(2,005)	(8,402)
Increase (decrease) in accounts payable	(71,436)	(1)	(71,436)
Increase (decrease) in accrued liabilities	251	-	251
Increase (decrease) in customer deposits	2,700	545	3,245
Net cash from operating activities	<u>\$ 117,243</u>	<u>\$ 5,203</u>	<u>\$ 122,446</u>
Supplemental Disclosures			
Interest was paid in the amount of	\$ 103,483		

The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
Statement of Cash Flows –
Proprietary Funds
Year Ended June 30, 2011

	Business-Type Activities		
	Water & Sewer Fund	Gas Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 515,965	\$ 404,023	\$ 919,988
Payments to suppliers	(178,449)	(234,371)	(412,820)
Payments to employees	(89,961)	(99,151)	(199,112)
Net cash from operating activities	<u>237,555</u>	<u>70,501</u>	<u>308,056</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net proceeds (purchase) of investments	120,064	-	120,064
Interest earnings	170	76	246
Net cash from investing activities	<u>120,234</u>	<u>76</u>	<u>120,310</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Intergovernmental	720,884	-	720,884
Interest paid on revenue bonds	(104,899)	-	(104,899)
Principal paid on revenue bonds	(31,343)	-	(31,343)
Cash received from capital contributions	317	-	317
Purchase of fixed assets	(796,658)	(5,885)	(802,543)
Net cash from capital activities	<u>(211,899)</u>	<u>(5,885)</u>	<u>(217,584)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Operating transfers	<u>38,401</u>	<u>(70,348)</u>	<u>(31,947)</u>
Net cash from non-capital financing activities	<u>38,401</u>	<u>(70,348)</u>	<u>(31,947)</u>
NET INCREASE (DECREASE) IN CASH	184,491	(5,666)	178,835
CASH AND CASH EQUIVALENTS – BEGINNING	<u>21,075</u>	<u>12,488</u>	<u>33,563</u>
CASH AND CASH EQUIVALENTS – ENDING	<u>\$ 205,566</u>	<u>\$ 6,832</u>	<u>\$ 212,398</u>
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	\$ (102,324)	\$ 56,168	\$ (46,156)
Adjustment to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation	255,105	10,660	265,765
(Increase) decrease in receivables	8,421	4,606	11,027
Increase (decrease) in accounts payable	75,499	(700)	74,799
Increase (decrease) in accrued liabilities	(538)	272	(266)
Increase (decrease) in customer deposits	3,382	(505)	2,887
Net cash from operating activities	<u>\$ 237,555</u>	<u>\$ 70,501</u>	<u>\$ 308,056</u>
Supplemental Disclosures			
Interest was paid in the amount of	\$ 104,899		
Noncash investing transactions:			
Cost of water distribution system from Greater Oberlin Water System	\$ 193,823		

The accompanying notes are an integral part of these financial statements.

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Oberlin (Town), Louisiana, was created under the provisions of the Lawrason Act. The purpose of the Town is to provide services to its citizens, which include sewer, water and gas utilities, police protection and other services. The Town has a board of five elected council members who are compensated. The Town is located in Allen Parish, Louisiana and its population is approximately 1,800. There are approximately 23 employees working for the Town.

The accompanying financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent sections of this note.

1. Financial Reporting Entity

As the municipal governing authority, for reporting purposes, the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (municipality), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

This report includes all funds that are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other oversight responsibility.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the Town of Oberlin, Louisiana for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the municipality to impose its will on that organization, and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Oberlin, Louisiana (the primary government) and its component units. By applying the above requirements, the Town has no component units.

Based on the foregoing criteria, a certain governmental body is a related organization but is not a part of the Town and is thus excluded from the accompanying financial statements. That organization is the Oberlin Housing Authority. Although the Town does appoint its board, no control is exercised over its operations.

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS-CONTINUED
June 30, 2012

2. Basis of Presentation

The accompanying basic financial statements of the Town of Oberlin, Louisiana have been prepared in conformity with GAAP. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Town as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Town's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the Town, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Town uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Town are classified into two categories: governmental and proprietary (or enterprise) funds. The emphasis of fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or if the total assets, liabilities, revenues, or expenditures of the individual governmental or proprietary fund is at least 10 percent of the corresponding total for all governmental and proprietary funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

The Town reports the following major funds:

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

The Sales Tax Fund is used to account for the receipt and use of proceeds of the Town's 1% and .3% sale and use taxes restricted to expenditures for specific purposes.

The Cemetery Fund is used to account for the receipt of proceeds from the sale of burial plots and expenditures associated with the maintenance and improvement of the cemetery grounds.

The Section 8 Housing Fund is used to account for the receipt and expenditures of federal financial assistance for low-income housing.

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

The proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town's enterprise funds account for water, sewer, and gas services.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. The proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with GAAP. Annual appropriated budgets are adopted for the general, special revenue, and enterprise funds. All annual appropriations lapse at fiscal year end.

Prior to the beginning of each fiscal year, the Mayor submits a budget to the Town Council. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

The Town Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by an affirmative vote of a majority of the government's council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

The original budget and one amendment during the year are reflected in the budget comparisons.

5. Cash and Interest-Bearing Deposits

Deposits and Investments

Deposits include amounts in demand deposits, interest-bearing demand deposits, and time deposits as well as those investments with a maturity date of 90 days or less.

State statutes authorize the Town to invest in obligations of the U.S. Treasury, U.S. government agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in La. R.S. 39:1271, or any other federally insured investment. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana. LAMP generates a local government investment pool. At June 30, 2012, the Town had cash, interest-bearing deposits, and investments (book balances) totaling \$486,695 as follows:

Demand deposits	\$71,229
Time and money market accounts	<u>415,466</u>
Total	<u>\$486,695</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover its deposits or the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2012, the Town has \$535,011 in deposits (collected bank balances). These deposits are entirely secured from risk by federal deposit insurance. Therefore, the Town is not exposed to custodial credit risk.

The Town's investments are categorized in accordance with GASB Statement No. 3 to give an indication of the level of risk assumed at year end. The Town's investment program is limited to purchases of securities issued or guaranteed by the U.S. government and its agencies.

The Town can invest in direct debt securities of the United States unless law expressly prohibits such an investment. The Town's investments are categorized to give an indication of the level of risk assumed by it at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the Town's name.

Carrying amounts at June 30, 2012 were as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Cost</u>
U.S. Treasury and agency obligations held by the Town or the Town's agent in the Town's name-Category 1	<u>\$ 69,234</u>	<u>\$ 69,234</u>	<u>\$ 69,234</u>

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

6. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

7. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for gas, water and sewer user fees in the enterprise funds. The Town's ability to collect the amounts due from the users of the Town gas, water and sewer systems and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

8. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by asset type is as follows:

Buildings	10-50 years
Equipment and furniture	3-40 years
Sewerage plant and improvements	20-66 years
Infrastructure	25-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

9. Statement of Cash Flows

For the purpose of the statement of cash flows, for the enterprise funds, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$204,220 which represents unrestricted and restricted amounts of \$8,983 and \$195,237, respectively.

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

10. Compensated Absences

Sick leave is earned after employees are fully employed for three months, with a limit of ten days per year. Vacation leave is accumulated as follows:

1 year	5 days
2-10 years	10 days
10-20 years	15 days
Over 20 years	20 days

Forty days of sick leave may be carried over to a subsequent year but vacation is not accumulated. Upon termination of employment, for the convenience of the Town, permanent, full-time employees with six months to one year of service are to be paid for one week's base salary. Permanent full-time employees with one year or more of continuous service will receive full payment for accrued vacation and two weeks base salary. Any employees who quit, resign, or are otherwise dismissed for reasons such as misconduct or inefficiency, do not receive severance pay.

At June 30, 2012, employees of the Town have accumulated \$25,440 in leave privileges, computed in accordance with GASB Statement No. 16.

11. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and capital lease payables.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

12. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Committed net assets - Consists of net assets with constraints placed on their use by the governing body.
- d. Unrestricted net assets - Consists of all other net assets that do not meet the definition of a, b, or c above.

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted or unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

14. Dedication of Proceeds and Flow of Funds – 1978 and 1989 Sales and Use Tax

1 % Sales Tax

Proceeds of a 1% sales and use tax levied by the Town (2012 collections of \$132,528) are dedicated to the following purposes:

To be used for constructing, acquiring, extending, improving, operating and/or maintaining sewers and sewerage disposal works, waterworks, streets, recreational facilities and fire protection facilities and equipment, and purchasing and acquiring the necessary land, equipment and furnishing for any of the aforesaid public works, improvements and facilities, or for any one or more said purposes. The Town is authorized to fund the proceeds of the tax into bonds to be issued in series from time to time for the purpose of defraying the costs of constructing, improving, and/or acquiring any one or more of the aforesaid capital improvements to the extent and in the manner permitted by the laws of Louisiana.

.3% Sales Tax

Proceeds of a .3% sales and use tax levied by the Town (2012 collections of \$39,758) are dedicated to following purposes:

1. 70% to be used for constructing, improving, maintaining and operating the Town's public streets, sidewalks, and alleys.
2. 30% to be used for acquiring, constructing, improving, maintaining and operating the Town's recreational facilities.

The Town is authorized to fund the proceeds of the tax into bonds to be issued into series from time to time for any capital purpose described above, to the extent and in the manner provided by Louisiana law.

15. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

16. Revenues, Expenditures, and Expenses

Program Revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Sales taxes are considered as "measurable" when in the hands of sales tax collector and are recognized as revenue at that time. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The Town's primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the Town.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities. In the fund financial statements, expenditures are classified as follows:

- Governmental Funds – by character
- Proprietary Funds – by operating and non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

17. Environmental Remediation Costs

The Town of Oberlin, Louisiana accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value.

18. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements, although not on every statement, in order to provide and understanding of changes in the government's financial position and operations.

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE B - AD VALOREM TAXES

For the year ended June 30, 2012 taxes of 3.69 mills were levied on property with assessed valuations totaling \$5,788,110 and were dedicated as follows:

General corporate purposes	3.69 mills
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Ad valorem taxes levied were \$21,284. Ad valorem taxes collected were \$22,747. Ad valorem taxes receivable at June 30, 2012 amounted to \$1,727.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C - RECEIVABLES

The following is a summary of receivables for June 30, 2012:

<u>Class of Receivable:</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Taxes:		
Sales and use	\$ 29,223	\$ -
Ad valorem	1,727	-
Franchise	15,536	-
Intergovernmental	15,320	-
Gaming	43,187	-
Charges for services	-	68,199
Other funds	251	-
Other	148	-
Total	<u>\$ 105,392</u>	<u>\$ 68,199</u>

Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to bad debts that is materially different from the amount that would be charged if the reserve method were used.

NOTE D - RESTRICTED ASSETS - PROPRIETARY FUND TYPES

Restricted assets consisted of the following at June 30, 2012:

	<u>On-Deposit</u>	<u>Required</u>	<u>Over (Under)</u>
Revenue bond and interest sinking accounts	\$ 8,959	\$ 8,959	\$ -
Revenue bond reserve account	54,128	54,128	-
Revenue bond contingency account and short-lived asset accounts	108,564	108,564	-
Louisiana Community Development Block Grant account	33	33	-
Customer deposits - gas accounts	29,530	29,530	-
Customer deposits - water and sewer accounts	<u>55,518</u>	<u>55,518</u>	<u>-</u>
Total restricted assets	<u>\$ 256,732</u>	<u>\$ 256,732</u>	<u>\$ -</u>

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note E – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2012 follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 193,812	\$ -	\$ -	\$ 193,812
Construction in progress	26,134	-	-	26,134
Other capital assets:				
Buildings	218,607	5,000	-	223,607
Equipment, Furniture and Fixtures	270,977	6,061	-	277,038
Infrastructure	919,742	11,308	-	931,050
Vehicles	208,553	-	-	208,553
Totals at historical cost	1,837,825	22,369	-	1,860,194
Less accumulated depreciation for:				
Buildings	173,262	2,751	-	176,013
Equipment, Furniture and Fixtures	245,380	8,394	-	253,774
Infrastructure	373,644	25,707	-	399,351
Vehicles	103,503	27,434	-	130,937
Total accumulated depreciation	895,789	64,286	-	960,075
Governmental Activities Capital Assets, Net	<u>\$ 942,036</u>	<u>\$ (41,917)</u>	<u>\$ -</u>	<u>\$ 900,119</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 7,224	\$ -	\$ -	\$ 7,224
Construction in progress	352,258	-	352,258	-
Other capital assets:				
Water & Sewer System	9,534,221	495,427	-	10,029,648
Gas System	353,314	3,408	-	356,722
Equipment	124,324	8,690	-	133,014
Totals at historical cost	10,371,341	507,525	352,258	10,526,608
Less accumulated depreciation for:				
Water & Sewer System	2,611,391	269,745	-	2,881,136
Gas System	289,073	5,873	-	294,946
Equipment	68,252	7,857	-	76,109
Total accumulated depreciation	2,968,716	283,475	-	3,252,191
Business-Type Activities Capital Assets, net	<u>\$ 7,402,625</u>	<u>\$ 224,050</u>	<u>\$ 352,258</u>	<u>\$ 7,274,417</u>

Depreciation expense for the year ended June 30, 2012 was \$64,286 and \$283,475 for the governmental activities and the business-type activities, respectively.

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 2,612
Streets	31,213
Police	30,461
Total	<u>\$ 64,286</u>

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Depreciation expense was charged to business-type activities as follows:

Water and sewer	\$ 277,095
Gas	<u>6,380</u>
Total	<u>\$ 283,475</u>

The construction in progress consists of the following projects:

	<u>Construction In Progress</u>	<u>Total Budgeted</u>	<u>Estimated Completion Date</u>
Oberlin Community Center	\$ 26,134	\$ 36,000	2013

NOTE F - ACCOUNTS PAYABLES

The following is a summary of payables at June 30, 2012:

<u>Class of Payable:</u>	<u>Governmental Activities Funds</u>	<u>Business Activities Funds</u>
Accounts payable/accrued liabilities	\$ 104,082	\$ 34,598

NOTE G - EMPLOYEE RETIREMENT

All employees of the Town of Oberlin participate in the Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town, 5.65% by the employees). The Town's contributions during the years ended June 30, 2012, 2011, and 2010 amounted to \$39,632, \$37,277, and \$39,212, respectively, equal to the required contribution for the year.

The Town of Oberlin employees also contribute to tax-deferred individual retirement accounts. The Town matches a portion of this plan for employees. Retirement contributions for the Town amounted to \$3,940, \$3,940, and \$3,420 for the years ended June 30, 2012, 2011, and 2010, respectively. Neither the Town nor its employees are obligated to make contributions and the Town has no further liability to these retirement plans. Data concerning the actuarial status of the plans are not available.

Police officers of the Town are eligible to participate Municipal Police Employees Retirement System of Louisiana. This system is a cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to the plan follows:

Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 26.5% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by La. R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town contributions to the System for the years ending June 30, 2012, 2011, and 2010 were \$18,715, \$17,289, and \$8,515, respectively. These amounts are equal to the required contributions for each year.

NOTE H - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2012 follows:

	Beginning of Year	Issued	Retired	End of Year
Sewer revenue bonds payable	\$ 2,355,164	\$ -	\$ (32,757)	\$ 2,322,407
Other Liabilities:				
Accrued Leave Benefits	21,757	3,883	-	25,440
Capital Lease Obligations	68,165	-	(18,337)	49,828
	<u>89,922</u>	<u>3,883</u>	<u>(18,337)</u>	<u>75,268</u>
Long-Term Liabilities	<u>\$ 2,445,086</u>	<u>\$ 3,883</u>	<u>\$ (51,094)</u>	<u>\$ 2,397,675</u>

The payments on the sewer revenue bonds payable are made by the Water and Sewer Fund. The accrued leave benefits liability will be paid by the General Fund. Sewer revenue bonds are comprised of the following individual issues:

\$1,687,000 Sewer Revenue Bonds Series 2003 dated January 28, 2003; due in monthly installments of \$7,659 through January 28, 2043; interest at 4.5 percent, secured by Utility Fund revenues	\$ 1,523,440
\$280,000 Sewer Revenue Bonds Series 2005 dated August 16, 2005; due in monthly installments of \$1,207 through July 16, 2045; interest at 4.125 percent, secured by Utility Fund revenues	260,344
\$435,000 Sewer Revenue Bonds Series 2007 dated November 28, 2007; due in monthly installments of \$1,940 through November 28, 2047; interest at 4.375 percent, secured by Utility Fund revenues	418,495
\$125,000 Sewer Revenue Bonds Series 2007 dated November 28, 2007; due in monthly installments of \$547 through November 28, 2047; interest at 4.25 percent, secured by Utility Fund revenues	<u>120,128</u>
Subtotal - Proprietary	2,322,407
\$89,540 (4 at @22,385) in Capital Leases dated June 24, 2010; due in monthly installments of \$2,050 (4 at \$512) through June 2014; interest at 5.218 percent, secured by 4 police cars	49,828
Accrued Leave Benefits Payable	25,440
Total	<u>\$ 2,397,675</u>

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

The annual requirements to amortize all bonds and capital leases outstanding at June 30, 2012, are as follows:

Year Ending June 30,	Principal Payments	Interest Payments
2013	\$ 65,589	\$ 104,274
2014	59,695	101,141
2015	37,396	98,845
2016	39,084	97,157
2017	40,848	95,393
2018-2022	233,623	447,579
2023-2027	291,350	389,853
2028-2032	363,357	317,848
2033-2037	453,181	228,022
2038-2042	585,237	115,986
2043-2047	217,515	20,833
2048	10,800	107
Totals	<u>\$ 2,397,675</u>	<u>\$ 2,017,016</u>

In accordance with La. R.S. 39:562, the Town is legally restricted from incurring long-term bonded debt (payable solely from ad valorem taxes) in excess of 35% of the assessed value of taxable property in the Town. At June 30, 2012, the statutory limit is \$2,018,839.

NOTE I - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town generally maintains commercial insurance coverage covering each of those risks of loss. However, due to financial hardships, the Town's general liability, automobile liability coverage for all except four Dodges purchased and financed in the prior year, law enforcement officer, errors and omissions, and other coverage expired in November, 2012. Some of it was reinstated in early December 2012. Uninsured losses from any of the above risks could devastate the Town's financial health. Management believes such coverage was sufficient to preclude any significant uninsured losses to the Town while it was in effect. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE J - CONTINGENCIES

The Town participates in a number of federal and state grant programs that are either partially or fully funded by grants received from other governmental units. Such grants are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the Town believes that any disallowed costs as a result of such audits will be immaterial.

NOTE K - FLOW OF FUNDS: RESTRICTIONS ON USE - UTILITY REVENUES

Under the terms of the bond agreements on outstanding sewer system revenue bonds dated January 28, 2003, August 16, 2005, and November 28, 2007, all revenues derived from operation of the water and sewer utility system will be pledged and dedicated to the retirement of said bonds upon completion of the sewer projects and are to be set aside into the following funds:

TOWN OF OBERLIN, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

On each bond issue, each month there will be set aside into a revenue bond and interest sinking fund account, an amount consisting of the monthly installment of principal and interest on the outstanding bonds. Such payments must be made on or before the 20th day of each month to assure the prompt payment of the principal and interest monthly installments and may be used only for such payments.

Commencing with the first month in which the sewer projects have been completed, 5% of the amount to be paid into the sinking fund account on the 20th day of each month must be deposited into a reserve account until the sewer system reserve fund has a balance of \$136,241. In February 2043, the funds on deposit in the reserve fund may be reduced to \$44,333. In July 2047, the funds on deposit in the reserve fund may be reduced to \$29,851.

Also, commencing on the first month in which the sewer projects have been completed, \$546 shall be deposited on the 20th of each month into a sewer depreciation and contingency fund until \$136,241 is on deposit in the reserve fund, then monthly deposits increase to \$1,136. In February 2043, the monthly deposit decreases to \$370 and in July 2047, the monthly deposit decreases to \$249.

Upon acceptance by the Town of Oberlin of the sewer projects, \$1,014 must be deposited into a short-lived assets depreciation fund on the 20th day of each month for a period of 15 years.

NOTE L – ON-BEHALF PAYMENTS FOR SALARIES

The State of Louisiana pays a portion of the salaries of the Town's police officers. These on-behalf payments have been recorded in the accompanying financial statements, in accordance with GASB Statement 24 as intergovernmental revenues and expenditures as follows:

Intergovernmental Revenues:

State

\$24,000

Expenditures:

Salaries

\$24,000

NOTE M – SUBSEQUENT REVIEW

The Town's management has evaluated subsequent events through December 27, 2012 which the financial statements were available to be issued. The only event required to be reported is an accident that occurred in December 2012 before the issuance of the report. One of the police cars, that was not insured, was involved in an accident with an officer of another law enforcement agency. The financial ramifications have yet to be determined and are not reflected in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF OBERLIN, LOUISIANA
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2012

	Budget		2012	Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Taxes	\$ 84,900	\$ 88,200	\$ 89,184	\$ 984
Licenses and permits	40,000	45,000	54,185	9,185
Intergovernmental	241,500	259,632	269,284	9,652
Fines and forfeitures	150,000	181,000	202,998	21,998
Interest	-	-	-	-
Other:				
Miscellaneous	<u>5,000</u>	<u>7,100</u>	<u>7,911</u>	<u>811</u>
Total Revenues	521,400	580,932	623,562	42,630
EXPENDITURES				
Current:				
General government	188,145	234,100	211,999	22,101
Highways and streets	138,080	171,600	153,785	17,815
Public safety – police	423,155	467,800	461,822	5,978
Capital outlays	-	70,706	22,368	48,338
Debt service	<u>-</u>	<u>25,596</u>	<u>21,009</u>	<u>4,587</u>
Total Expenditures	747,380	969,802	870,983	98,819
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(225,980)</u>	<u>(388,870)</u>	<u>(247,421)</u>	<u>141,449</u>
OTHER FINANCING SOURCES (USES)				
Capital lease proceeds	-	-	-	-
Operating transfers	<u>219,600</u>	<u>323,530</u>	<u>190,485</u>	<u>(133,045)</u>
Total Other Financing	<u>219,600</u>	<u>323,530</u>	<u>190,485</u>	<u>(133,045)</u>
Sources (Uses)				
Excess (Deficiency) of Revenues and				
Other Sources Over (Under)				
Expenditures and Other Uses	(6,380)	(65,340)	(56,936)	8,404
FUND BALANCE, BEGINNING	<u>65,554</u>	<u>65,554</u>	<u>65,554</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 59,174</u>	<u>\$ 214</u>	<u>\$ 8,618</u>	<u>\$ 8,404</u>

TOWN OF OBERLIN, LOUISIANA
Special Revenue Fund
Sales Tax Fund
Budgetary Comparison Schedule
Year Ended June 30, 2012

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
REVENUES				
Sales taxes	\$ 145,000	\$ 162,000	\$ 172,286	\$ 10,286
Less: collection fees	(4,000)	(4,500)	(4,454)	46
Interest	420	50	51	1
Total Revenues	<u>141,420</u>	<u>157,550</u>	<u>167,883</u>	<u>10,333</u>
EXPENDITURES				
Current:				
Miscellaneous	200	200	16	184
Total Expenditures	<u>200</u>	<u>200</u>	<u>16</u>	<u>184</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>141,220</u>	<u>157,350</u>	<u>167,867</u>	<u>10,517</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers	(150,000)	(195,000)	(222,335)	(27,335)
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(195,000)</u>	<u>(222,335)</u>	<u>(27,335)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(8,780)	(37,650)	(54,468)	(16,618)
FUND BALANCE, BEGINNING	<u>106,170</u>	<u>106,170</u>	<u>106,170</u>	-
FUND BALANCE, ENDING	<u>\$ 97,390</u>	<u>\$ 68,520</u>	<u>\$ 51,702</u>	<u>\$ (16,818)</u>

TOWN OF OBERLIN, LOUISIANA
Special Revenue Fund
Section 8 Fund
Budgetary Comparison Schedule
Year Ended June 30, 2012

	<u>Budget</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous – interest and other	\$ 500	\$ 140	\$ 119	\$ (21)
EXPENDITURES				
Current-				
General government:				
Administration	-	-	-	-
Excess of revenues over expenditures	500	140	119	(21)
FUND BALANCE, BEGINNING	<u>7,462</u>	<u>7,462</u>	<u>7,462</u>	-
FUND BALANCE, ENDING	<u>\$ 7,962</u>	<u>\$ 7,602</u>	<u>\$ 7,581</u>	<u>\$ (21)</u>

TOWN OF OBERLIN, LOUISIANA
Special Revenue Fund
Cemetery Fund
Budgetary Comparison Schedule
Year Ended June 30, 2012

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Charges for services	\$ 500	\$ 30	\$ 30	\$ -
Miscellaneous	-	-	8	8
Total Revenues	<u>500</u>	<u>30</u>	<u>38</u>	<u>8</u>
EXPENDITURES				
General government salaries	-	-	-	-
Insurance	700	700	-	700
Payroll taxes	-	-	-	-
Miscellaneous	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>900</u>	<u>700</u>	<u>-</u>	<u>700</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(400)</u>	<u>(670)</u>	<u>38</u>	<u>708</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers	<u>400</u>	<u>670</u>	<u>(30)</u>	<u>(700)</u>
Total Other Financing Sources (Uses)	<u>400</u>	<u>670</u>	<u>(30)</u>	<u>(700)</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	8	8
FUND BALANCE, BEGINNING	<u>9,201</u>	<u>9,201</u>	<u>9,201</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 9,201</u>	<u>\$ 9,201</u>	<u>\$ 9,209</u>	<u>\$ 8</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF OBERLIN, LOUISIANA
General Fund
Budgetary Comparison Schedule-Revenues
Year Ended June 30, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011

	2012				
	Budget			Variance	2011
	Original	Final	Actual	Favorable (Unfavorable)	Actual
Taxes					
Ad valorem	\$ 20,000	\$ 21,000	\$ 21,501	\$ 501	\$ 18,857
Franchise:					
Cable	7,500	10,800	11,478	678	10,990
Electric	55,000	54,000	53,693	(307)	66,267
Telephone	2,400	2,400	2,512	112	2,989
Total taxes	84,900	88,200	89,184	984	99,103
Licenses and permits	40,000	45,000	54,185	9,185	43,257
Intergovernmental:					
State of Louisiana-					
Beer taxes	3,500	2,900	3,140	240	3,887
Gaming revenue	180,000	176,072	176,072	-	179,834
Grants	32,000	49,000	39,130	(9,870)	59,872
Grass cutting	4,500	600	2,850	2,250	400
On-behalf payments	21,500	21,080	24,000	2,940	21,550
Local grant	-	10,000	24,092	14,092	36,772
Total intergovernmental	241,500	259,632	289,284	9,652	302,315
Fines and forfeitures	150,000	181,000	202,998	21,998	132,217
Miscellaneous:					
Insurance reimbursement	-	-	-	-	803
Interest on interest-bearing accounts	-	-	-	-	1
Other sources	5,000	7,100	7,911	811	4,055
Total miscellaneous	5,000	7,100	7,911	811	4,659
Total revenues	\$ 521,400	\$ 580,932	\$ 623,562	\$ 42,630	\$ 581,551

TOWN OF OBERLIN, LOUISIANA
General Fund
Budgetary Comparison Schedule-Expenditures
Year Ended June 30, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011

	2012				
	Budget			Variance	2011
	Original	Final	Actual	Favorable (Unfavorable)	Actual
Current:					
General Government-					
Advertising	\$ 1,700	\$ 7,500	\$ 6,413	\$ 1,087	\$ 3,453
Contract labor	-	15,000	14,582	418	11,846
Health insurance	44,625	40,000	47,397	(7,397)	42,974
Insurance	13,000	27,500	13,213	14,287	14,634
Miscellaneous	2,700	7,500	8,962	(1,462)	4,463
Office supplies	10,000	14,500	14,480	20	14,402
Payroll taxes	6,720	5,300	3,218	2,081	4,004
Professional fees	16,000	29,000	22,690	6,310	29,976
Rent	2,200	4,700	1,941	2,759	2,289
Repairs and maintenance	200	200	5,854	(5,654)	1,503
Retirement	3,400	3,400	3,940	(540)	3,940
Salaries	42,500	40,000	29,452	10,548	30,843
Salaries-Mayor and Council	41,400	32,400	32,400	-	32,535
Travel	1,300	2,600	3,011	(411)	1,842
Utilities and telephone	<u>2,400</u>	<u>4,500</u>	<u>4,445</u>	<u>55</u>	<u>2,847</u>
Total general government	<u>\$ 188,145</u>	<u>\$ 234,100</u>	<u>\$ 211,999</u>	<u>\$ 22,101</u>	<u>\$ 201,351</u>
Public Safety:					
Police-					
Auto expenditures	\$ 26,000	\$ 32,000	\$ 30,791	\$ 1,209	\$ 28,022
Contract labor	25,000	25,000	23,107	1,893	24,242
Dog pound expenditures	1,400	2,000	5,539	(3,539)	1,160
Health insurance	110,355	105,100	104,058	1,044	100,156
Insurance	13,500	13,500	11,325	2,175	12,544
Miscellaneous	1,000	200	1,018	(818)	975
Office supplies	2,500	1,500	964	536	3,094
Payroll taxes	15,500	20,000	18,675	1,325	17,574
Professional fees	1,800	2,500	2,309	191	1,519
Repairs and maintenance	7,500	9,600	8,705	895	8,120
Retirement	21,000	21,000	18,715	2,285	17,289
Salaries	189,000	223,000	226,011	(3,011)	185,450
Training	300	300	-	300	-
Travel	-	2,000	1,539	461	-
Uniforms and supplies	5,000	7,600	6,579	1,021	3,905
Utilities and telephone	<u>3,300</u>	<u>2,500</u>	<u>2,489</u>	<u>11</u>	<u>3,156</u>
Total public safety	<u>\$ 423,155</u>	<u>\$ 467,800</u>	<u>\$ 461,822</u>	<u>\$ 5,978</u>	<u>\$ 407,206</u>

(continued)

TOWN OF OBERLIN, LOUISIANA
General Fund
Budgetary Comparison Schedule-Expenditures (continued)
Year Ended June 30, 2012
With Comparative Actual Amounts for Year Ended June 30, 2011

	2012				
	Budget			Variance	2011
	Original	Final	Actual	Favorable (Unfavorable)	Actual
Highways and streets:					
Contract labor	\$ 2,000	\$ 1,500	\$ 986	\$ 514	\$ 1,135
Health insurance	21,000	30,000	17,791	12,209	19,567
Insurance	10,500	10,500	8,494	2,006	9,408
Miscellaneous	2,500	2,500	3,454	(954)	2,147
Payroll taxes	1,280	4,100	3,081	1,019	2,908
Professional fees	-	-	-	-	1,550
Rent	14,500	14,500	14,280	220	15,108
Salaries	16,000	30,500	34,048	(3,548)	19,064
Street lighting	26,500	39,000	35,181	3,819	28,250
Supplies, materials and repairs	31,000	25,000	22,492	2,508	27,076
Utilities and telephone	<u>10,800</u>	<u>14,000</u>	<u>13,978</u>	<u>22</u>	<u>10,775</u>
Total highways and streets	<u>\$ 136,080</u>	<u>\$ 171,600</u>	<u>\$ 153,785</u>	<u>\$ 17,815</u>	<u>\$ 136,988</u>
Capital Outlay:					
General government-					
Building	\$ -	\$ 8,700	\$ 5,000	\$ 3,700	\$ 36,994
Equipment, furniture, and fixtures	-	27,000	5,660	21,440	1,752
Vehicles	-	-	-	-	10,900
Public Safety-					
Police equipment	-	10,000	500	9,500	2,129
Police vehicles	-	-	-	-	99,029
Highways and streets-					
Infrastructure	<u>-</u>	<u>25,006</u>	<u>11,308</u>	<u>13,698</u>	<u>26,010</u>
Total capital outlay	<u>\$ -</u>	<u>\$ 70,706</u>	<u>\$ 22,368</u>	<u>\$ 48,338</u>	<u>\$ 176,814</u>
Debt service:					
Interest	\$ -	\$ 4,221	\$ 2,672	\$ 1,549	\$ 4,221
Principal retirement	<u>-</u>	<u>21,375</u>	<u>18,337</u>	<u>3,038</u>	<u>21,375</u>
Total debt service	<u>\$ -</u>	<u>\$ 25,596</u>	<u>\$ 21,009</u>	<u>\$ 4,587</u>	<u>\$ 25,596</u>
Total expenditures	<u>\$ 747,380</u>	<u>\$ 969,802</u>	<u>\$ 870,983</u>	<u>\$ 98,819</u>	<u>\$ 947,955</u>

TOWN OF OBERLIN, LOUISIANA
Enterprise Funds
Utility Funds
(Unaudited)

Schedule of Number of Utility Customers

June 30, 2012

Records maintained by the Town indicate the following number of customers being served during the months of June 2012 and June, 2011, respectively:

<u>Department</u>	<u>2011</u>	<u>2012</u>
Gas (metered)	378	383
Water (metered)	771	946
Sewerage	662	741

TOWN OF OBERLIN, LOUISIANA
Schedule of Insurance in Force
(Unaudited)
June 30, 2012

Description of Coverage	Coverage Amounts
Workmen's Compensation:	
Employer's liability - Disease	\$ 500,000
- Accident	100,000
- Bodily injury by accident	100,000
Blanket Bond	380,000
Surety Bonds:	
Town clerk	65,100
Mayor	-
Mayor, Pro-Term	-
Chief of Police	5,000
Assistant Chief of Police	5,000
Police clerk	107,000
Utility collection clerk	-
City superintendent	6,274
Councilman, P. Beard	10,000
General liability:	
Town-	
Each occurrence	500,000
Aggregate	500,000
Police-	-
Each occurrence	-
Aggregate	-
Public official's error and omissions	500,000
Fire, extended coverage, blanket policy:	
Buildings	1,206,536
Contents	196,600
Comprehensive liability and collision:	
Liability	500,000
Uninsured motorist bodily injury	-

TOWN OF OBERLIN, LOUISIANA
Enterprise Funds
Utility Funds

Departmental Analysis of Revenues and Expenses
Year Ended June 30, 2012

	<u>Totals</u> <u>2012</u>	<u>Gas</u> <u>2012</u>	<u>Water and Sewer</u> <u>2012</u>
Operating revenues:			
Charges for services-			
Customers	\$ 861,990	\$ 330,802	\$ 531,388
Miscellaneous	<u>1,563</u>	<u>470</u>	<u>1,093</u>
Total operating revenues	<u>863,553</u>	<u>331,072</u>	<u>532,481</u>
Operating expenses:			
Contract labor	1,660	-	1,660
Depreciation	283,475	6,380	277,095
Health insurance	74,606	33,473	41,133
Insurance	61,344	31,144	30,200
Miscellaneous	11,712	3,542	8,170
Natural gas purchases	94,221	94,221	-
Office expense	3,046	1,523	1,523
Payroll taxes	14,657	7,326	7,331
Professional fees	40,188	27,507	12,681
Repairs and maintenance	24,759	2,257	22,502
Salaries	192,642	96,319	96,323
Supplies	81,407	21,688	59,719
Telephone and utilities	<u>64,523</u>	<u>5,408</u>	<u>59,115</u>
Total operating expenses	<u>948,240</u>	<u>330,788</u>	<u>617,452</u>
Operating income (loss)	<u>(84,687)</u>	<u>284</u>	<u>(84,971)</u>
Non-operating revenues (expenses):			
Interest income	510	182	328
Interest expense	(103,475)	-	(103,475)
Intergovernmental	<u>85,238</u>	<u>-</u>	<u>85,238</u>
Total non-operating revenues (expenses)	<u>(17,727)</u>	<u>182</u>	<u>(17,909)</u>
Income (loss) before transfers	(102,414)	466	(102,880)
Operating transfers	<u>31,880</u>	<u>876</u>	<u>31,004</u>
Change in net assets	<u>\$ (70,534)</u>	<u>\$ 1,342</u>	<u>\$ (71,876)</u>

TOWN OF OBERLIN, LOUISIANA
Schedule of Compensation Paid to Mayor and Council Members
Year Ended June 30, 2012

Rick Smith, Mayor	\$ 14,400
Phil Beard, Council	3,600
Mark E. Manuel, Council	3,600
James J. Ryder, Council	3,600
Janice Simon, Council	3,600
Bobby Thomas, Council	<u>3,600</u>
Total Compensation Paid to Mayor and Council Members	<u>\$ 32,400</u>

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Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

December 27, 2012

The Honorable Rick Smith, Mayor
and the Town Council
Town of Oberlin, Louisiana

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Oberlin, Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Town of Oberlin, Louisiana, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Oberlin, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Oberlin, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Oberlin, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, referred to as findings 2012-2 I/C, 2012-3 I/C, 2012-4 I/C, 2012-7 I/C, 2012-9 I/C, to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs, referred to as findings 2012-1 I/C, 2012-5 I/C, 2012-6 I/C, 2012-8 I/C, 2012-10 I/C to be significant deficiencies.

Honorable Rick Smith, Mayor
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Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standard* and which is described in the accompanying schedule of findings and questioned costs as finding 2012-1 C.

The Town of Oberlin, Louisiana's response to the findings identified in our audit are described in the accompanying management's corrective action plan for the current year audit findings and questioned costs. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Town Council, others within the entity, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor of the State of Louisiana as a public document.

Royce T. Scimemi, CPA, APAC

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TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2012

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Control deficiencies(s) identified that are not considered to be material weakness(es)? X yes none reported

Noncompliance material to financial statements noted? yes X no

Findings – Financial Statement Audit

Finding #2012-1 I/C:
Significant deficiency

Inadequate Segregation of Duties

Because of the lack of a large staff, more specifically accounting personnel, there is insufficient segregation of duties necessary for proper controls. We do note that this situation is inherent in most entities of this type and is difficult to solve due to the funding limitations of the Town. We recommend that the Mayor as well as the Town Council take an active interest in the review of all of the financial information. This was also a prior year finding.

Finding #2012-2 I/C:
Material Weakness

Receivable Collection Efforts

Criteria: Critical internal controls should always ensure that adequate collection efforts are in effect. Significant amounts of utility accounts receivable are over 90 days old. Town ordinances require the utilities of a customer be disconnected after an invoice is not paid by a certain date. Extensions/payment plans are often granted on utility invoices to give customers more time to pay their debt.

Cause: Inconsistent/ineffective monitoring of receivables and collections.

Effect: Cash flow shortages can be a result of this ineffective internal control. A possible Article 7, Section 14 of the Louisiana Constitution violation.

Recommendation: The Town should consider constant monitoring of receivables and actually shutting off utilities when both the payment plan installments and the current month's invoices are not paid on time.

Finding #2012-3 I/C:
Material Weakness

Daily Deposits of Receipts

Criteria: Cash and other daily receipts are not deposited daily.

Cause: Inconsistent/ineffective monitoring of daily receipts.

Effect: Cash flow shortages can be a result of this ineffective internal control.

Recommendation: Authority to monitor and inspect daily deposits should be given to the Town Clerk so that timely reconciliations of daily activity and postings of revenues to the general ledger can occur.

TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
Year Ended June 30, 2012

Finding #2012-4 I/C:
Material Weakness

Deposits of Cash Overages

- Criteria: Cash overages, often referred to as "cash over or (short)", that occur when collections are made and the applicable customer information is not available are not being timely deposited.
- Cause: Inconsistent/ineffective handling of daily cash receipts.
- Effect: Cash flow shortages can be a result of this ineffective internal control.
- Recommendation: Proper collection of customer information should be obtained at time of receipt and any overage should be deposited along with other daily receipts. Authority to monitor and inspect daily deposits should be given to the Town Clerk so that timely deposits of all collections occurs.

Finding #2012-5 I/C:
Significant Deficiency

Inappropriate Payroll Recordkeeping

- Criteria: Payroll time cards are used to document time manually and there is no time clock available to the employees for accurately and properly document time worked. The control environment in place would not provide adequate safeguards to prevent payroll overpayments. Dry line has been used on a manual time card that was not authorized on the face of the timecard. This practice could be used to manipulate time.
- Cause: Inconsistent/ineffective monitoring/supervision of time.
- Effect: Inappropriate payroll transactions can result from this ineffective internal control and more time being paid than worked.
- Recommendation: Purchase and install time clocks and require all employees besides the salaried employees to use them.

Finding #2012-6 I/C:
Significant Deficiency

Utility Adjustment Authorization Documentation

- Criteria: Utility adjustments appear to be authorized for the most part by the appropriate authorities, but documentation of authorization was lacking in several instances tested.
- Cause: The Town maintains no monthly recap report of adjustments that can be used to document authorization.
- Effect: Utility adjustments without required documentation of authorization by appropriate authorities.
- Recommendation: Maintain a complete file of authorized adjustments and a monthly recap with a column where the appropriate authority can initial and approve.

TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
Year Ended June 30, 2012

Finding #2012-7 I/C:
Material Weakness

Undated Deposit Slips

- Criteria:** Various deposits for the water and sewer fund were not dated except for the date stamped on the deposit advice received from the bank. If they were dated the date of that activity, it would highlight the fact that deposits are not being made daily.
- Cause:** Inconsistent completion of deposit slips.
- Effect:** Cash cut-off can be distorted by activity not deposited.
- Recommendation:** Ensure that all deposit slips are dated the business day of receipt of the collection. Authority to monitor and inspect daily deposits should be given to the Town Clerk so that timely deposits of all collections occurs.

Finding #2012-8 I/C:
Significant Deficiency

Inconsistent Enforcement of Cut-Off Procedures for Customers

- Criteria:** Certain customers are shown preference in the collection of utility receivables. One of the current council members has a payment plan in place and is growing deeper in debt to the Town because payments are not being made on the current amount being billed along with the payment plan installments. In some months, the agreed upon installment is not paid and the customer's utilities are not shut off.
- Cause:** Non-uniform enforcement of the Town's utility cut-off policy.
- Effect:** Utilities are being provided to customers with seriously past due balances.
- Recommendation:** Management should enforce the Town ordinance and cut-off customer's utilities by the cut-off date and/or provide the Mayor an ordinance that will allow payment plans. Then the Town should treat all customers equally and set policies for the extensions or payment plans in the Town's ordinances.

Finding #2012-9 I/C:
Material Weakness

Not Depositing All Funds on a Timely Basis

- Criteria:** On October 4, 2012, a manila folder was located in the utility clerk's money drawer that contained difficult to understand receipts and associated money. One receipt with associated cash was included for gas money received and dated September 18, 2012 and was later traced to a deposit on October 17, 2012. Also, an NSF fee of \$25 that was collected from a customer on August 21, 2012 was included in that manila folder. On October 5, 2012, the day this firm performed a cash count, an entry to the cash blotter originally reflected the depositing of this money. However, dry line was used to remove this money from that daily deposit. This money was later deposited in October. Also, a reconnect fee that was collected on September 28, 2012 was included in the manila folder.
- Cause:** Inconsistent handling of cash receipts.
- Effect:** Cash flow shortages occur from this type of activity. A possible Article 7, Section 14 of the Louisiana Constitution violation.
- Recommendation:** Ensure policies and procedures for consistently depositing all Town collections daily.

TOWN OF OBERLIN, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
Year Ended June 30, 2012

Finding #2012-10 I/C:
Significant Deficiency

Occupational License Fees Not Being Collected

Criteria: Certain businesses operating within the Town's limits have not filed and paid their occupational licenses for 2012. When requested, we were provided no documentation of enforcement on these businesses.

Cause: Ineffective/inconsistent lack of enforcement on all accounts.

Effect: Cash flow shortages occur from this type of activity.

Recommendation: Ensure policies and procedures for consistently identifying businesses without licenses and notify taxpayers of their responsibility to file and pay occupational licenses. Initiate audit procedures for those businesses who fail to do this. An alternative method would be to hire an outside firm, as done by other towns in the area, to administer the occupational license program.

Finding #2012-1 C:

Local Governmental Budget Act Compliance

Criteria: Since actual revenues in the Section 8 Fund were exceeded by final budgeted amounts by more than 5%, the Town appears to be in violation of the Louisiana Governmental Budget Act.

Cause: Miscalculation of anticipated revenues.

Effect: Possible violation of the Local Governmental Budget Act.

Recommendation: Management should monitor the budget on an interim basis and make amendment when necessary.

Federal Award Findings and Questioned Costs
None

TOWN OF OBERLIN, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS AND
QUESTIONED COSTS (UNAUDITED)
Year Ended June 30, 2012

Internal Control and Compliance Material to the Financial Statements

Finding #2012-1 I/C:

Segregation of Duties:

This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.
Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2012-2 I/C:

Receivable Collection Efforts

Management is now aware of the requirements and will only grant extensions in rare extenuating circumstances in the future.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2012-3 I/C:

Daily Deposits of Receipts

The Town Clerk will be formally authorized to monitor and inspect daily deposits to ensure that cash registers are balanced daily and all moneys are deposited by the day after receipt. The Town Clerk will report directly to the Mayor any deviations from the policy of daily deposits.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2012-4 I/C:

Deposits of Cash Overages

The Town Clerk will be formally authorized to oversee and determine whether any overages have occurred and ensure that all of this money is deposited and reported to the Mayor.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2012-5 I/C:

Inappropriate Payroll Recordkeeping

The Town will purchase a time clock and all non-salaried employees will be required to clock in and out when performing services as an employee of the Town.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2012-6 I/C:

Utility Adjustment Authorization Documentation

The Town will begin utilizing a spreadsheet that recaps all previously authorized utility adjustments on a monthly basis. The final column on the spreadsheet will be requiring the initials of the official authorizing the adjustment.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2012-7 I/C:

Undated Deposit Slips

The Town Clerk will be charged with reviewing the daily deposit to ensure that all deposit slips are dated and correspond with the actual deposit remittance advice received from the bank on the deposit. The Town Clerk will report directly to the Mayor any deviations from the policy of properly dating daily deposit slips.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

TOWN OF OBERLIN, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS AND
QUESTIONED COSTS (UNAUDITED) - CONTINUED
Year Ended June 30, 2012

Finding #2012-8 I/C:

Inconsistent Enforcement of Cut-Off Procedures for Customers

The Utility Clerk will be charged with reviewing the unpaid utility accounts that are appropriate for cut-off. Any installment plans will have to remain current with not only the installment payment but with the payment of the current utility invoices as well to avoid utility cut-off. The Utility Clerk will also prepare a monthly cut-off report and submit it to the Town Clerk and the Mayor for documentation of any exceptions. All customers/taxpayers will be expected to be treated equally by the Town staff.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2012-9 I/C:

Not Depositing All Funds on a Timely Basis

Not only will deposits be made daily but all cash received will be deposited daily by the Town staff.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2012-10 I/C:

Occupational License Fees Not Being Collected

The Town intends to initiate a policy that will ensure that all applicable businesses comply with the requirement to file and pay the appropriate occupational license.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

Finding #2012-1 C:

Local Governmental Budget Act Compliance

Management is monitoring revenues and expenditures monthly and amending the budgets necessary to comply with the Local Governmental Budget Act.

Contact Person: Rick Smith, Mayor of the Town of Oberlin

TOWN OF OBERLIN, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2012

2011-1 I/C Segregation of Duties:

Corrective Action Taken: This is an ongoing finding that cannot be corrected due to lack of financial resources and the size of the entity.

2011-2 I/C Receivable Collection Efforts:

Corrective Action Taken: Management is now aware of the requirements and will comply in the future.

2011-1 C Local Governmental Budget Act Compliance:

Corrective Action Taken: Management is monitoring revenues and expenditures monthly and amending the budgets necessary to comply with the Local Governmental Budget Act.

2011-2 C Public Bid Law

Corrective Action Taken: This was an oversight by management. Management is now aware of this requirement and will comply with the Louisiana Public Bid Law on future purchases/contracts.

2011-3 C Article 7, Section 14(A) of Louisiana Constitution of 1974

Corrective Action Taken: These were oversights by management. Pay raises will be set by ordinance and will only be changed by ordinance in the future. The associated insurance policies were cancelled. In the future, the Town will assess all benefits that should discontinue upon any employee departure.

2011-4 C Louisiana Open Meetings Law

Corrective Action Taken: This was an oversight by management. Management is now aware of this requirement and will comply in future meetings.